

Little Hoover Commission

Financial Aid for California Community College Students

Testimony of Laura Szabo-Kubitz, Associate California Program Director

The Institute for College Access & Success

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Thank you for inviting me to join you today. The Institute for College Access & Success (TICAS) is a nonpartisan, nonprofit research and policy organization based in Oakland. I serve as the organization's Associate California Program Director and lead its Coalition of Californians for College Affordability. Our mission is to improve educational opportunity, equity and outcomes, nationally and in California, so that more students can complete meaningful postsecondary credentials without burdensome debt.

We very much appreciate this commission's focus on the college affordability challenges facing California's over two million community college students, who make up two-thirds of all college students in the state. To address this issue at its root, and facilitate these students' academic success and completion, will require the state to better ensure that all needy Californians have the financial assistance they need to cover total college costs without having to borrow or work excessively.

For over a decade, TICAS analyses have shown that, despite the state's longstanding focus on low tuition and generous financial aid programs that cover tuition, there are reasons to be concerned about college affordability in California. While the ability to pay for tuition ensures students can enroll in college, they are unlikely to succeed if they cannot afford the costs beyond it, including gas to get to campus, textbooks for coursework and exams, enough nutritious food, and a safe place to live. Yet the state's aid policies have been skewed towards covering tuition costs, providing little support for the non-tuition expenses that make up the majority of total college costs across public colleges in California, which serve the vast majority of all the state's college students. That has led to far less financial aid support for students at lower tuition colleges, and far less support means far greater affordability challenges.

Without sufficient resources to cover total college costs, students are forced to borrow loans, work excessive hours, cut back on the number of courses they are enrolled in, or drop out altogether.

This is particularly true for the lowest income students, who have little or no resources of their own to contribute, and who do not get enough financial aid either. Our research has shown that the lowest income Californians – those from families that make less than \$30,000 annually – have to spend close to half (45%) of their income to cover California community college costs after accounting for grant aid.¹ While college is not easily affordable for many students these days, the shares of income expected from these lowest income students – who comprise the majority of California community college students – is more than double the shares needed from any other income group.

A separate TICAS analysis, *What College Costs for Low-Income Californians*, which you have in front of you, looks at low-income students' net prices, or what they have to pay out of pocket after available grant aid to cover total college costs, at each of the nine undergraduate-serving campuses of the University of California and nearby California State University and community college campuses. We found that in none of the nine regions did the lowest tuition school – the community college – have the lowest net price, and in eight regions the community college was *more* expensive than either public university option.² In other words, for low-income students choosing between types of public colleges, the lowest *tuition* college is not the lowest *cost* college for students.

That is because non-tuition college costs, estimated to exceed \$20,000 this academic year, make up the majority of total costs at California's public colleges and universities – including community colleges.³ With the state's aid policies designed primarily to cover tuition costs and not the total costs of attendance, low-income students enrolled at lower tuition colleges receive far less financial aid despite facing similar total college costs. To illustrate, after adding non-tuition costs to tuition and fees, the total cost of college is only 56 percent more for a student at the University of California (UC) compared to the total cost of attending a California Community College (CCC), yet UC students get 300+ percent

¹ The Institute for College Access & Success (TICAS). 2017. *College Costs in Context: A State-By-State Look at College (Un)Affordability*. https://ticas.org/files/pub_files/college_costs_in_context.pdf.

² TICAS. 2019. *What College Costs for Low-Income Californians*. https://ticas.org/wp-content/uploads/legacy-files/pub_files/what_college_costs_for_low-income_californians_0.pdf.

³ California Student Aid Commission (CSAC). 2018. *2019-20 Student Expense Budgets*. https://www.csac.ca.gov/sites/main/files/file-attachments/final_student_budget_grid_2019-20.pdf.

more grant aid.⁴ The additional grant aid more than covers the cost difference between the colleges, leaving UC students better positioned to attend college full time without excessive work or debt.

Moreover, with more than half of Latino college students (54%), three in five Native-American students (60%), and almost two-thirds of Black students (63%) coming from families making less than \$30,000 annually,⁵ these college affordability challenges raise substantial equity concerns about college affordability and completion. Untenable college costs for low-income students are not just contributing to the state's college completion challenges overall, then, but are also contributing to equity gaps in *who* completes. Compounding affordability challenges by income, most of the state's black, Latino, and Native-American undergraduates attend community colleges, where prior TICAS research has found completion (six-year graduation and transfer) rates for these groups to be troublingly low (30%, 32%, and 37% respectively).⁶

To be clear, it is not a coincidence that that completion rates are affected by college affordability challenges. While borrowing student loans is one option to help cover expenses, students – and particularly those at community colleges – may choose to work excessive hours in the face of unaffordable college costs, which can impact students' ability to attend college full-time. Our aforementioned analysis on low-income students' net costs found that, after available grant aid, to cover total college costs students at all colleges would have to work more than 15-20 hours per week – an amount which a wide body of research finds can be detrimental to student success. At the community colleges in our analysis, the weekly work hours needed to cover total college costs range from 27 to 42 with a median of 31. At all community colleges in this analysis, fewer than half attended full time, with the share at two colleges as low as 18 percent.⁷ In 2016, we documented community college students' affordability challenges and the tradeoffs they face, such as working instead of taking

⁴ TICAS. 2019. *What College Costs for Low-Income Californians*. https://ticas.org/wp-content/uploads/legacy-files/pub_files/what_college_costs_for_low-income_californians_0.pdf.

⁵ Calculations by TICAS on data from the U.S. Department of Education's National Postsecondary Student Aid Study, 2015-16 (NPSAS:16), and include undergraduates at all public institutions.

⁶ Campbell, C., Cochrane, D. F., Love, I., & Brueckner, E. 2017. *Aiding Success: The Role of Federal and State Financial Aid in Supporting California Community College Students*. Association of Community College Trustees & TICAS. https://ticas.org/sites/default/files/pub_files/acct_ticas_cccco_aiding_students_2017.pdf.

⁷ TICAS. 2019. *What College Costs for Low-Income Californians*. https://ticas.org/wp-content/uploads/legacy-files/pub_files/what_college_costs_for_low-income_californians_0.pdf.

classes. One student shared, “I only take a couple of classes a semester because that is all I can afford at the time, and I have to keep working 30-40 hours a week to pay for everything else.”⁸

We see harmful trends, including work taking the place of studies, because too many Californians are being left out of state financial aid, and those who do receive grants often get too little of it. While the state Cal Grant program is well designed to reach college-bound high school graduates, the overwhelming majority of eligible applicants who are returning to school more than one year after high school do not receive grants, and most of them have incomes so low that the federal government does not expect them to contribute financially to their education.⁹ Each year, hundreds of thousands of eligible applicants are excluded from the Cal Grant program simply because not enough competitive awards are available. In 2018-19, nearly 200,000 eligible community college students – about three-quarters of the eligible competitive Cal Grant applicant pool – were denied an award. These eligible applicants were an average age of 29 and had an average income of about \$28,000.¹⁰

For those who are fortunate enough to receive a Cal Grant, at under \$1,700 for the year the Cal Grant B access award that helps students pay for non-tuition costs is now worth less than one quarter its original value.¹¹ It is important to note that recent state budgets have funded new financial aid awards for Cal Grant recipients at community colleges who attend full time, which can provide them with up to an additional \$4,000 to help cover non-tuition costs. While certainly very helpful for those who receive them, only about three percent of all community college students do.¹²

With insufficient aid to cover non-tuition costs that can exceed \$20,000 annually, students across California are experiencing basic needs insecurity, including homelessness. A recent report by the Hope Center for College, Community, and Justice at Temple University found that three in five of California’s

⁸ TICAS. 2016. *On the Verge: Costs and Tradeoffs Facing Community College Students*. https://ticas.org/wp-content/uploads/legacy-files/pub_files/on_the_verge.pdf.

⁹ TICAS. 2016. *How and Why to Improve Cal Grants: Key Facts and Recommendations*. https://ticas.org/sites/default/files/pub_files/how_and_why_to_improve_cal_grants.pdf.

¹⁰ CSAC. 2019. *2018-19 New Offered Awardees, and Eligible Non-Offered Awardees: Average Income, GPA, Family Size and Age by Segment*. https://www.csac.ca.gov/sites/main/files/file-attachments/cal_grant_program_averages_2018-19.pdf.

¹¹ TICAS. 2016. *How and Why to Improve Cal Grants: Key Facts and Recommendations*. https://ticas.org/wp-content/uploads/legacy-files/pub_files/how_and_why_to_improve_cal_grants.pdf.

¹² Calculations based on data from the 2018-19 California State Budget, California Consumer Price Index, California Department of Finance, CCCCCO Data Mart.

more than two million community college students were housing insecure in the previous year, and nearly one in five was homeless. Homelessness also disproportionately impacts particular student subgroups, including older students and some underrepresented minorities including African American, American Indian, and Pacific Islander students.¹³

For more than a decade, TICAS has advocated for strengthening need-based financial aid in California to address these ongoing and growing college affordability challenges. In 2012, we formed *Californians for College Affordability*, a coalition of more than two dozen diverse organizations from higher education advocacy, civil rights and social justice, business and workforce, and student leadership, including the Student Senate for California Community Colleges, all united in targeting aid to students who can afford the least and expanding need-based financial aid to better cover total college costs.¹⁴ In 2016, TICAS challenged policymakers to deepen investments in financial aid through a bold, new “pledge” that would “offer a clearly communicated promise to students and families that college is within reach,” including non-tuition costs.¹⁵ In brief, the state should take students’ *total* college costs into account, and expect that students and families would make financial contributions that were reasonable given their own financial circumstances. The rest would be covered by federal, college, and state grant aid.

While the details are still being fleshed out, there is serious interest in both the Administration and Legislature to strengthen and reform state need-based financial aid. The most recent state budget included important financial aid investments such as additional competitive Cal Grants, framed by the Governor as a “down payment,” with plans to “review how the state can do more to make the total cost of attendance more affordable for all students, particularly our lowest income students.”¹⁶ And in the past year, both the Assembly and Senate have introduced legislation to reform state financial aid.¹⁷ This interest clearly demonstrates the growing recognition of California college students’ affordability

¹³ Goldrick-Rab, Sara, Christine Baker-Smith, Vanessa Coca, and Elizabeth Looker. 2019. *California Community Colleges #RealCollege Survey*. The Hope Center for College, Community, and Justice. <https://hope4college.com/wp-content/uploads/2019/03/RealCollege-CCCCO-Report.pdf>.

¹⁴ TICAS. 2019. *Californians for College Affordability*. https://ticas.org/files/pub_files/ca_affordability_postcard.pdf.

¹⁵ Cochrane, D.F., & La Rocque, M. 2016. *California Student Grant Aid Consolidation*. TICAS. https://ticas.org/sites/default/files/pub_files/2016_memo_on_ca_student_grant_aid_consolidation.pdf.

¹⁶ Governor Gavin Newsom, State of California. 2019. *Governor’s Budget Summary 2019-20*. <http://www.ebudget.ca.gov/2019-20/pdf/BudgetSummary/FullBudgetSummary.pdf>.

¹⁷ See SB 291 (Levy), 2019: http://leginfo.legislature.ca.gov/faces/billStatusClient.xhtml?bill_id=201920200SB291; AB 1314 (Medina, McCarty), 2019: http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1314.

challenges, and those of community colleges students in particular. Still, open questions remain about what specifically financial aid reform should look like. Having anticipated these questions, we have been working to answer them with the commissioned papers that you have in front of you today and through an ongoing financial aid working group that we have been hosting since February.¹⁸ We plan to share publicly many of these recommendations later this fall.

Our ability to improve college attainment, close equity gaps, and enable more Californians to earn college degrees and be productive, contributing members of the workforce can only occur if we ensure *all* California students – including community college students who currently receive the lowest levels of state financial aid – are able to cover all college costs, including safe housing, nourishing food, reliable transportation, and books and supplies, in addition to tuition and fees. Despite California community colleges having the lowest tuition in the country, the data unequivocally show that their students are facing some of the most severe college affordability – and, correspondingly, completion – challenges. We are continuing to work with stakeholders to ensure that state student financial aid enables college students to attend full time and complete meaningful credentials, and protects those with the least resources from shouldering the biggest burden of college costs and debt.

Thank you for the opportunity to speak with you today, and I am happy to answer any questions.

¹⁸ TICAS. 2019. “Experts Kick off Series of Financial Aid Reform Discussions in Sacramento.” https://ticas.org/files/pub_files/ca_aid_work_group_public_announcement.pdf.